



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
Washington, D.C. 20224

Small Business/Self-Employed Division

Control Number- SBSE-20-1209-031  
Expiration Date: 12232010  
Impacted IRM: 20.2.11

12232009

MEMORANDUM FOR ALL EMPLOYEES

FROM: Alain Dubois /s/ Alain Dubois  
Director, Exam Policy  
SUBJECT: Interim Guidance on Interest on IRC 7519 Required Payments

The purpose of this memo is to issue interim guidance for the correct interest computation on Form 8752 for IRC section 7519 required payments. Please ensure that this information is distributed to all affected employees within your organization.

Due to the nature of the rolling-forward payments on Form 8752, *Required Payment or Refund Under Section 7519*, Counsel has determined that interest will be computed on any underpayment from 5/15/YR1 to 5/15/YR2. Interest will accrue on the interest from 5/15/YR2 until all interest is paid in full. Interest on any penalty will be computed from the posting date of the penalty until both penalty and interest are paid in full. Interest rates as outlined in IRC section 6621 will apply. Any overpayment will be refunded without interest. This information is explained in detail in new IRM section, 20.2.11.10.

Interim Guidance Memorandum SBSE-20-1209-031 will be incorporated into IRM 20.2.11 by 12232010.

If you have any questions concerning this memorandum, please feel free to contact Lynette Schofield, analyst for the Servicewide Interest Program.

Attachment

cc: IMD Coordinator  
Office of Servicewide Policy, Directives, & Electronic Research  
[www.IRS.gov](http://www.IRS.gov)

## Form 8752, Required Payment or Refund Under IRC Section 7519

- (1) Interest on any underpaid, required payment is due from 5/15/YR1 to 5/15/YR2, plus any statutory interest due on the interest until paid in full. The interest rate is established by IRC 6621(a)(2).
- (2) Underpaid, required payments may be subject to a 10% penalty under IRC section 7519(f)(4). Statutory interest on the penalty is due from the date of notice and demand, which is the assessment date or the "23C" date until paid in full.

**Note:** Although the original tax is no longer due as of the beginning of a new election year, the taxpayer is still liable for all interest and penalties due on the tax module.

- (3) No interest shall be allowed with respect to any refund of a required payment. See IRC section 7519(f)(3).
- (4) At this time Masterfile is not capable of properly computing interest according to the above procedures. Underpayment interest must be manually computed and restricted. Overpayment interest must be restricted to zero.